

Centennial Revenue Manual



INTRODUCTION

The Department of Finance is pleased to present the 2022 Revenue Manual on behalf of the City of Centennial

This document is intended to provide City Council, staff and the community a comprehensive guide to the City's major revenue sources. Within this revenue manual, readers will find the City's revenues categorized by fund, a description of each revenue source and pertinent data visualizations. Additionally, this document is designed to educate readers on the types of revenues the City receives, how they are collected, for what purposes they are intended and which tools the City uses in forecast models. For more information on revenue data and long-term planning efforts, readers are encouraged to review the City's Adopted Budget document.

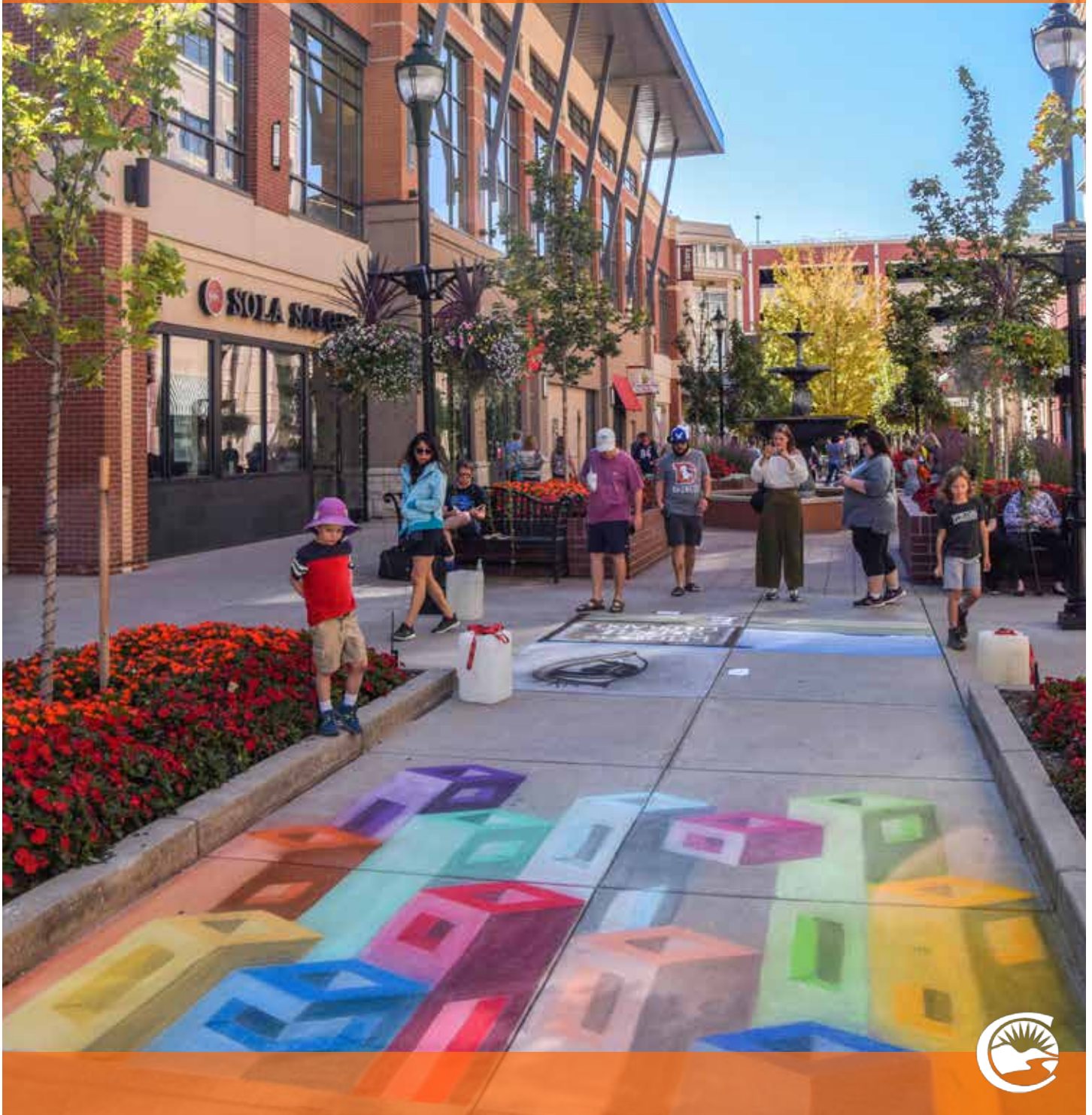
The information provided in this document for each revenue source includes:

- Fund - The financial bucket each revenue falls into
- Description - An overview of how and why the revenue is received
- Restrictions - Certain revenues in the City's budget may only be used for specific needs
- Forecasting Method - The tools and metrics the City uses to project revenue performances
- Rate - The amount of fees, taxes, licenses, etc. that are collected
- Sources - From where the revenue is derived
- Collecting Agency - The entity (City, County, State) that receives the revenue



GENERAL FUND

The General Fund is the City's operating fund. Accounting for most financial resources, the General Fund provides the means necessary to sustain the day-to-day activities of the City.



GENERAL FUNDS SUMMARY

Taxes

Sales Tax (58%)

Property Tax (18%)

Construction Use Tax (4%)

Specific Ownership Tax (1%)

Cigarette Tax (<1%)

Franchise Fees (7%)

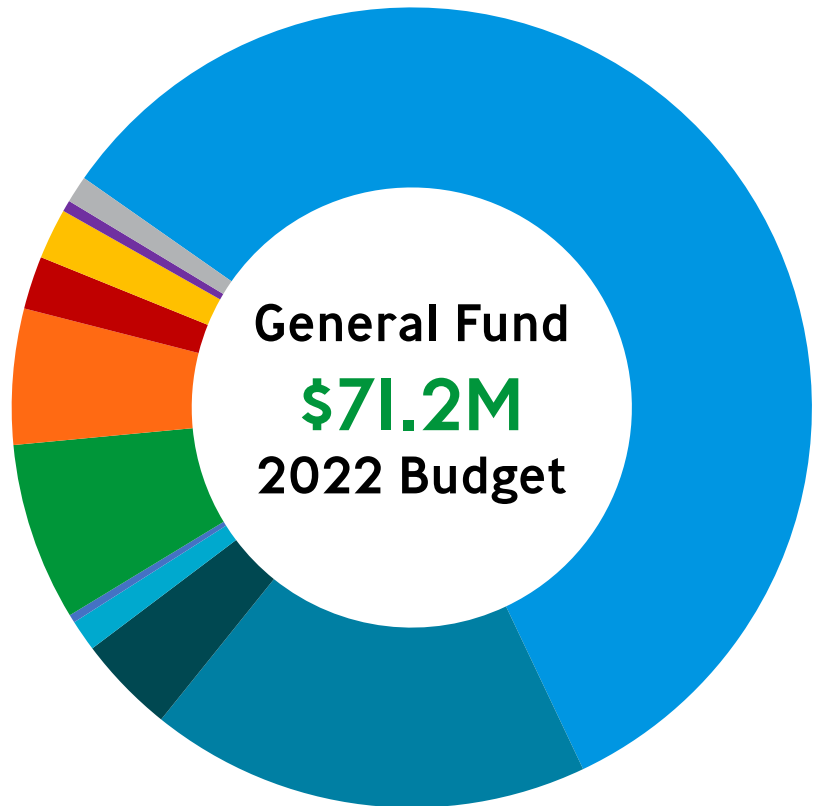
Intergovernmental Revenue (5%)

Fines & Fees (2%)

Investment Income (2%)

Licenses & Permits (<1%)

All Other Revenues (1%)



BUDGET SUMMARY	2020 Actual	2021 Budget	2021 Projected	2022 Proposed	2022 Proposed - 2021 Adopted	
					\$ Change	% Change
Sales Tax	\$ 35,641,366	\$ 33,655,000	\$ 39,450,000	\$ 41,240,000	\$ 7,585,000	23%
Property Tax	12,406,544	12,700,000	12,550,000	12,950,000	250,000	2%
Construction Use Tax	2,852,813	2,635,000	2,700,000	2,795,000	160,000	6%
Specific Ownership Tax	897,180	762,000	892,500	896,500	134,500	18%
Cigarette Tax	271,070	219,500	230,400	232,600	13,100	6%
Franchise Fees	5,035,122	4,855,400	5,077,500	5,093,000	237,600	5%
Intergovernmental Revenue	136,852	-	4,284,770	3,880,590	3,880,590	N/A
Fines & Fees	1,268,753	1,310,000	1,325,900	1,518,900	208,900	16%
Investment Income	2,002,882	1,100,000	1,700,000	1,450,000	350,000	32%
Licenses & Permits	186,412	336,000	192,300	322,000	(14,000)	-4%
All Other Revenues	11,279,629	1,129,900	1,115,700	771,700	(358,200)	-32%
TOTAL GENERAL FUND	\$ 71,978,623	\$ 58,702,800	\$ 69,519,070	\$ 71,150,290	\$ 12,447,490	21%

SALES TAX

Sales Tax

1

RATE

- 2.5% tax rate on eligible goods and services

2

SOURCES

- Consumers
- Audits
- Penalties and interest

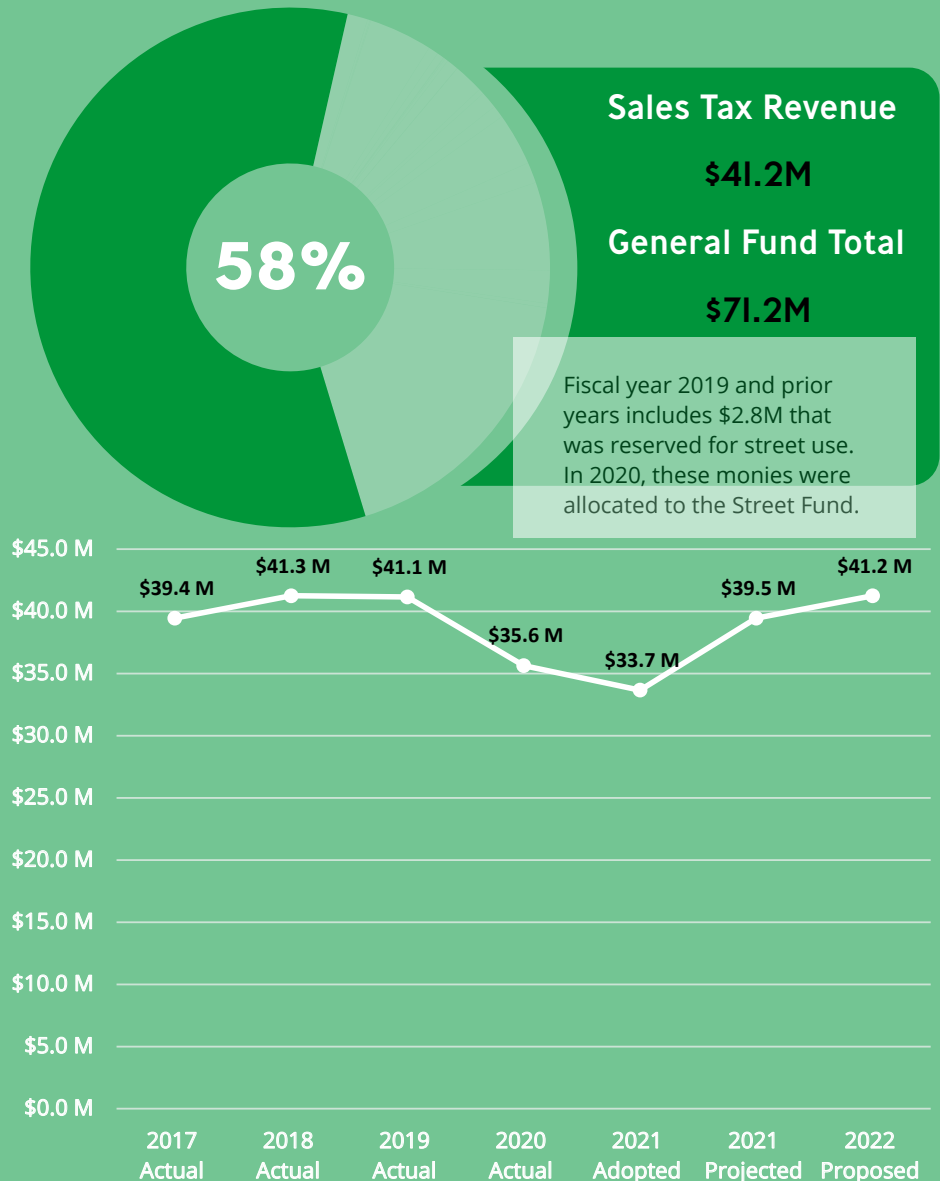
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WHO COLLECTS?

- City of Centennial (received via daily deposit)

INFO

Financial Snapshot



Additional Details

Description

Retail sales tax is a consumption tax levied upon the sale of tangible personal property and specific services, paid by consumers and collected by vendors on the City's behalf.

Restrictions

Incentive agreements within the City's sales tax areas, including:

- IKEA (thru Q2 2021)
- Centennial Center

Forecasting Method

Retail sales tax revenue is calculated using historical data, relevant economic indicators and current market trends.

CONSTRUCTION USE TAX

Construction Use Tax

1

RATE

- 2.5% tax rate on the price of materials

2

SOURCES

- General contractors
- Builders & contractors
- Property owners

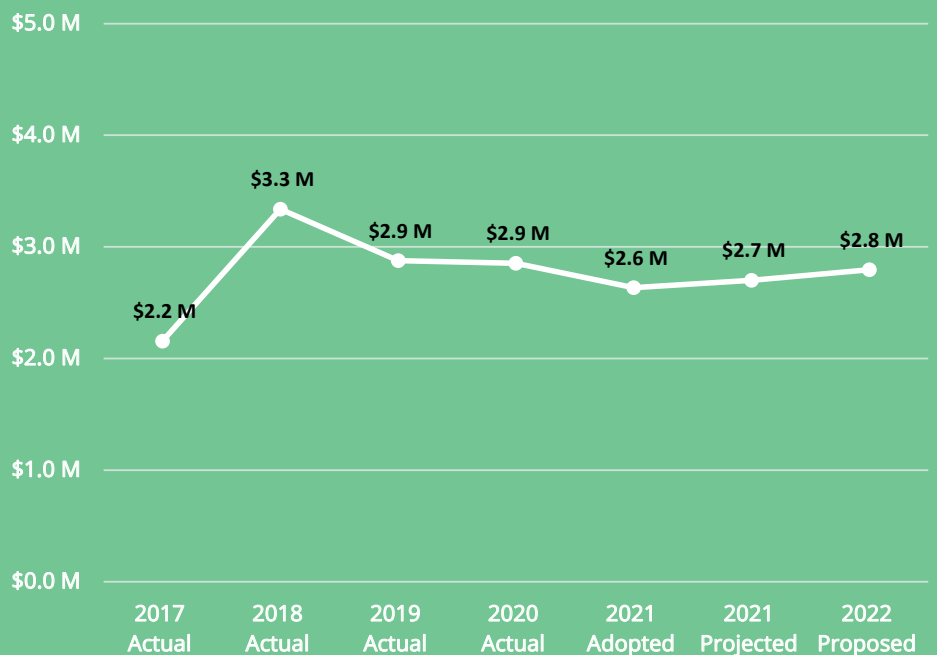
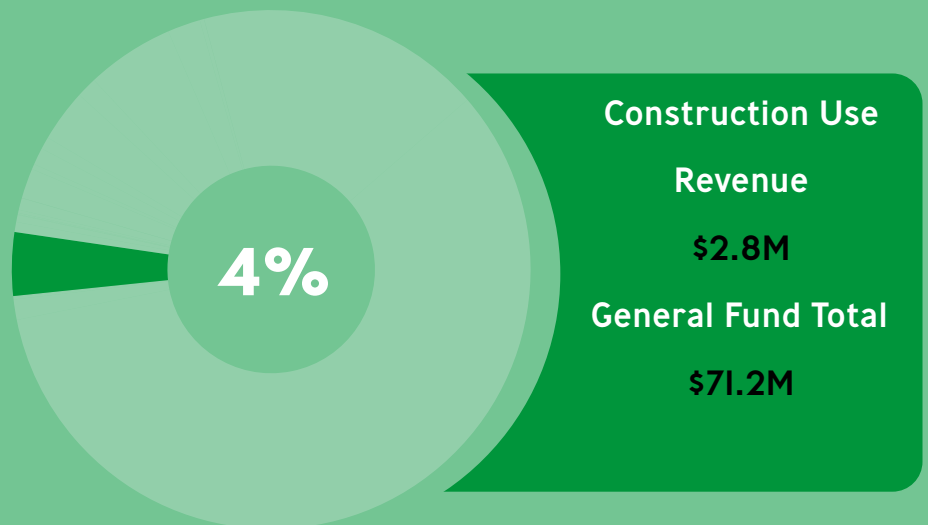
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WHO COLLECTS?

- City of Centennial (received via daily deposit)

INFO

Financial Snapshot



Additional Details

Description

Construction use tax is a tax imposed on the price of materials used for construction purposes, generally at the time a building permit is issued to a contractor or homeowner within the City, to build or remodel commercial and residential properties.

Restrictions

The revenues generated may be used for any purpose authorized by law and City Council.

Forecasting Method

Construction use tax revenues are based on historical data, relevant local economic indicators and data from the Association of General Contractors and the Colorado Home Builders Association.

PROPERTY TAX

Property Tax

1

RATE

- 4.982 mills + additional refunds or abatements from the prior year

2

SOURCES

- Property owners

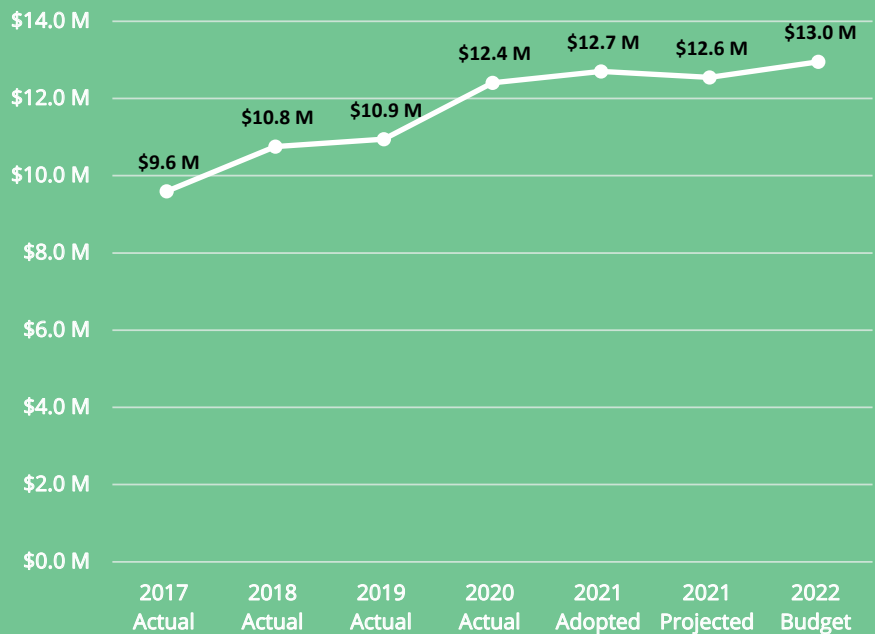
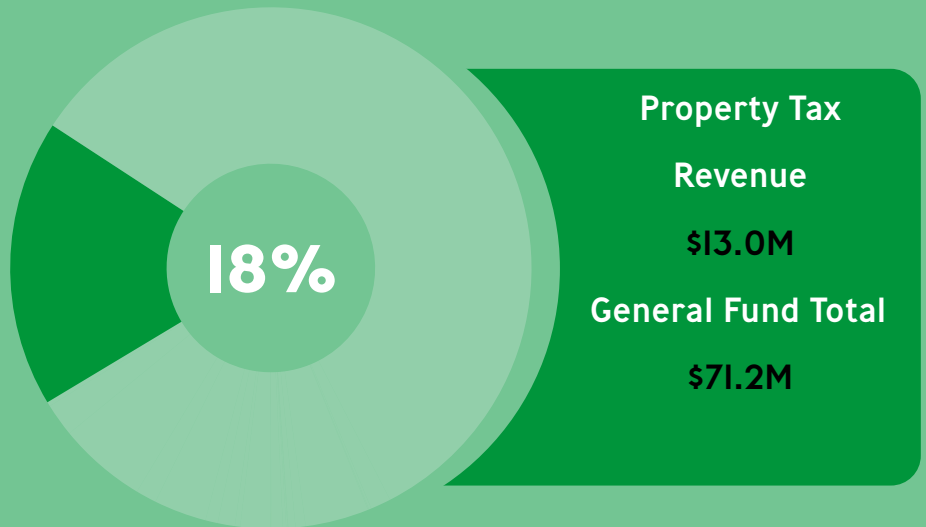
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WHO COLLECTS?

- Arapahoe County (remitted to the City on the 10th day of the following month)

INFO

Financial Snapshot



Additional Details

Description

Property tax is a tax assessed against all real and business property. Assessed values are set by the Arapahoe County Assessor's Office and values are re-assessed every odd year. The collection of the tax has three due dates during the fiscal year: 2/28, 4/30, and 6/15.

Restrictions

- Centennial Urban Redevelopment Authority (CURA) receives property tax increments for the tax assessed at The Streets at SouthGlenn.
- Business Personal Property Tax (BPPT); exemption of \$100,000 of BPPT value.

Forecasting Method

Property tax revenues are based on historical data, relevant local economic indicators assessed property valuations, foreclosure activity and annexation agreements.

SPECIFIC OWNERSHIP TAX

Specific Ownership Tax

1

RATE

- Tax rate is based on age and class of each registered vehicle

2

SOURCES

- Consumers
- Motor vehicle owners

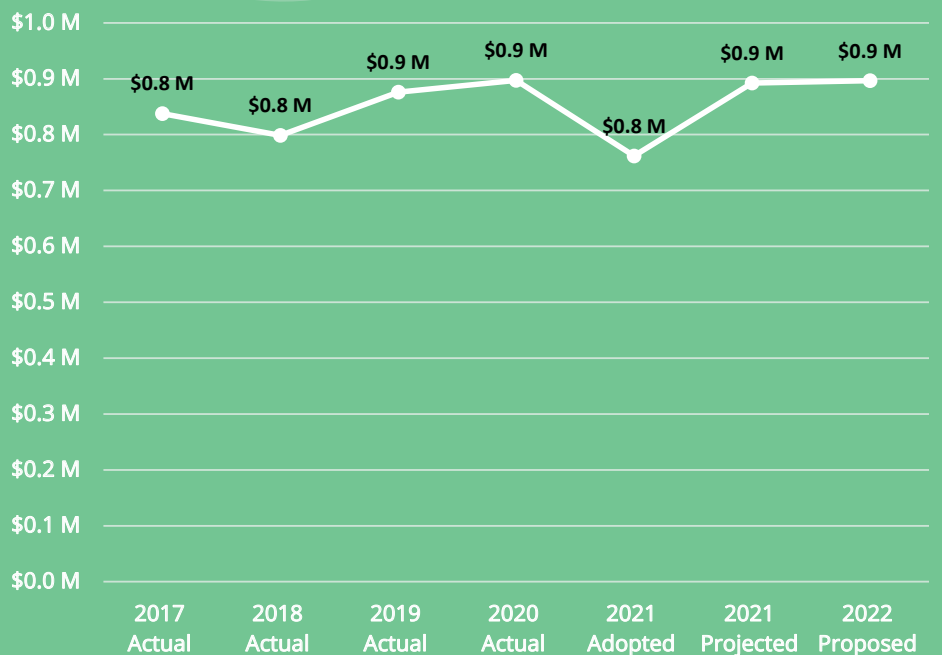
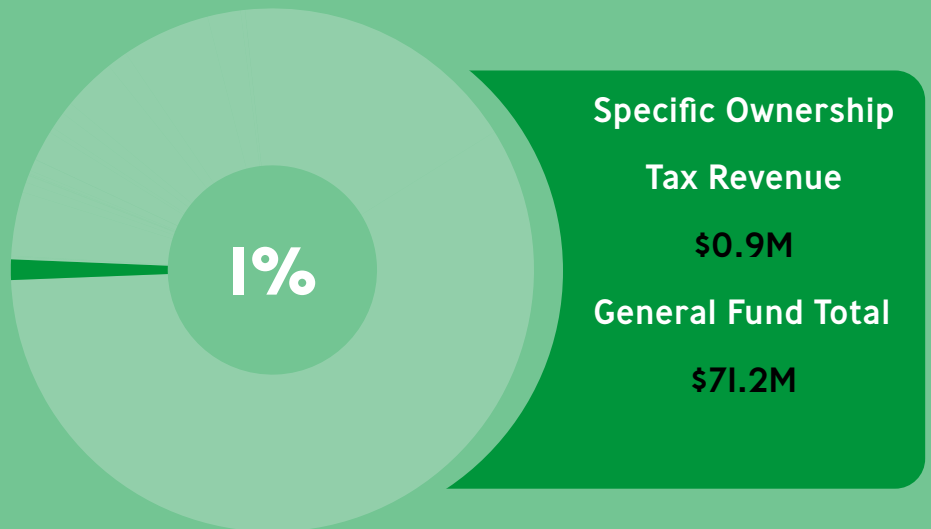
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WHO COLLECTS?

- Arapahoe County (remitted to the City on the 10th day of the following month)

INFO

Financial Snapshot



Additional Details

Description

Specific Ownership taxes are levied by the Colorado General Assembly on all motor vehicles, wheeled trailers, semi-trailers, trailer coaches, mobile homes, and self-propelled construction equipment. The tax rate is based on the year of manufacture, class, and original taxable value of each vehicle as defined by state statutory authority.

Restrictions

All revenues in excess of TABOR limitations can be used for any governmental purpose.

Forecasting Method

Specific Ownership Tax revenues are based on historic trends. Considerations for these revenue projections include vehicle sales and annexations (favorable effect).

CIGARETTE TAX

Cigarette Tax

1

RATE

- State-imposed \$0.84 excise tax per pack (27% distribution model)

2

SOURCES

- Consumers
- Cigarette purchases

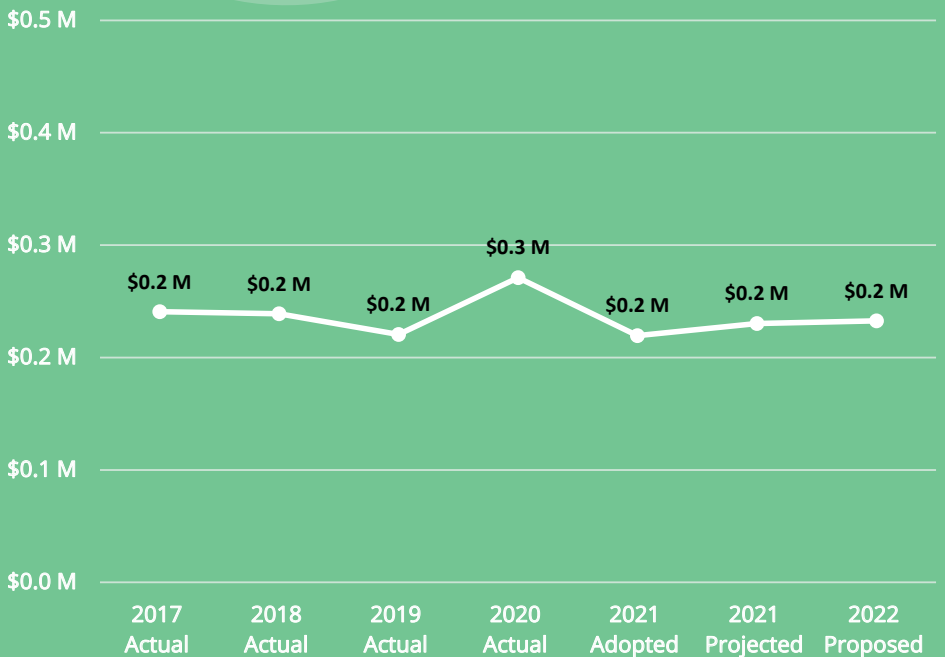
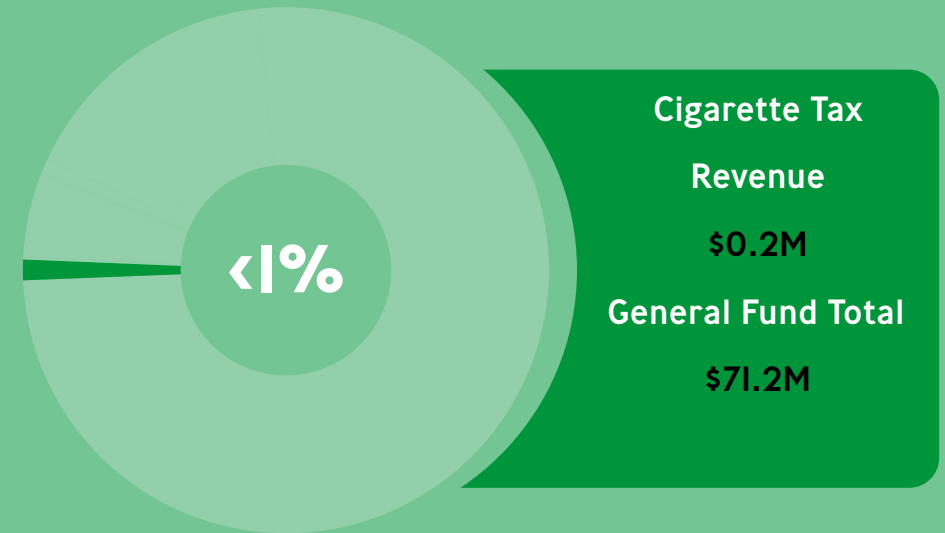
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WHO COLLECTS?

- State of Colorado (remitted to the City 60 days after the end of each month)

INFO

Financial Snapshot



Additional Details

Description

The City receives appropriations from the State of Colorado. The State disburses an amount equal to 27% of statewide cigarette tax revenues to local governments in proportion to the amount of cigarette sales revenue collected within the boundaries of the city.

Restrictions

All revenues in excess of TABOR limitations can be used for any governmental purpose.

Forecasting Method

Cigarette tax revenues are projected to remain relatively flat in the out-years as indicators show a plateau in cigarette smoking rates, though emerging trends may have an effect on future projections.

FRANCHISE FEES

Franchise Fees

1

RATE

- 5% Cable TV franchise fee
- 3% Gas and electric franchise fee

2

SOURCES

- Vendors (cable, gas & electric)
- Consumers; fees may be passed on to customers

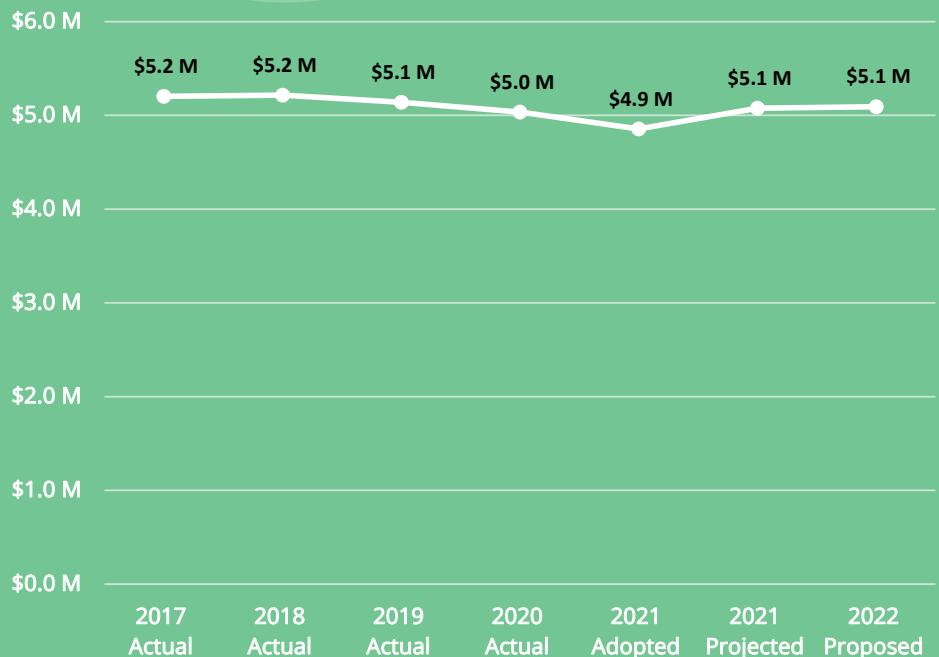
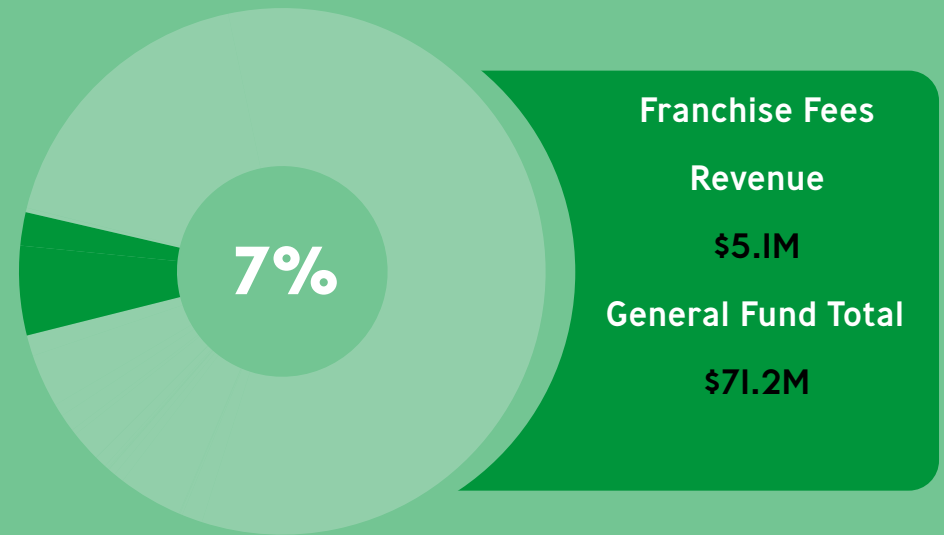
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WHO COLLECTS?

- City of Centennial (cable collected quarterly, utilities collected monthly)

INFO

Financial Snapshot



Additional Details

Description

The Cable TV Franchise Fee is a compensation remitted to the City for the benefits and privileges granted under the Cable Television Franchise Agreements. The fees are in consideration of the permission to use City streets and rights-of-way for the provision of cable services. The Gas & Electric Franchise Fee has a non-exclusive agreement with Xcel Energy and CORE Electric Cooperative (formerly the Intermountain Rural Electric Association) for the right to furnish, sell, and distribute natural gas and/or electricity to residents and businesses within the community.

Restrictions

All revenues in excess of TABOR limitations can be used for any governmental purpose.

Forecasting Method

- Cable TV Franchise Fee revenues are based on subscription rates and trend data from service providers.
- Gas & Electric Franchise Fee revenues are based on utility usage, prices and trend data from service providers.

MOTOR VEHICLE REGISTRATION

Motor Vehicle Registration

1

RATE

- Tax rate is based on age and weight of each registered vehicle

2

SOURCES

- Consumers
- Motor vehicle owners

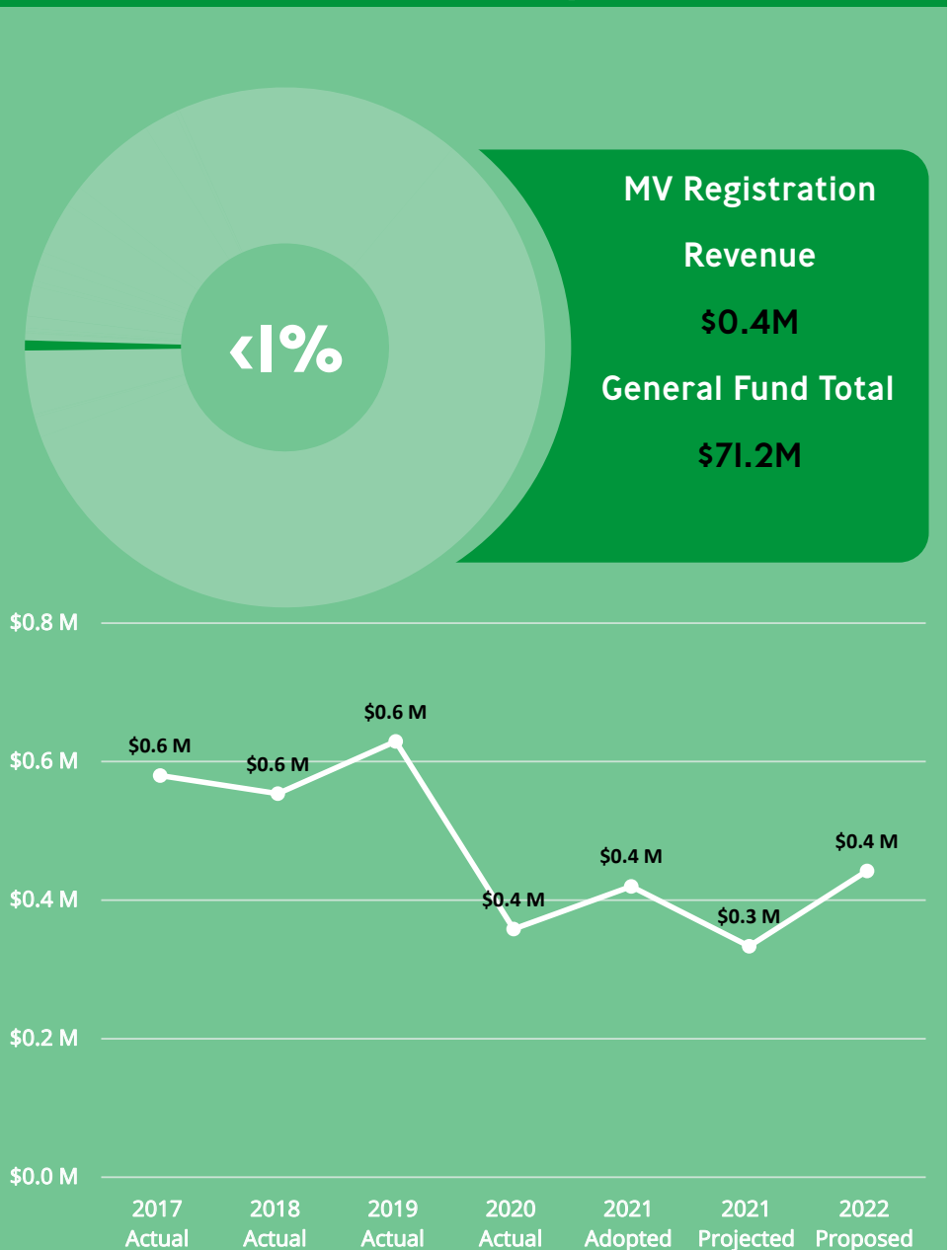
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WHO COLLECTS?

- Arapahoe County (remitted to the City 30 days after the end of each month)

INFO

Financial Snapshot



Additional Details

Description

Motor vehicle registration is levied by Arapahoe County on all motor vehicles within the City at the time of registration. Fees are assessed based on the age and weight of each vehicle based on a funding formula.

Restrictions

All revenues in excess of TABOR limitations can be used for any governmental purpose.

Forecasting Method

Motor vehicle registration revenues are based on historic trends as well as the estimated number of new vehicle sales to residents within the City and the average number of vehicles per household.

INVESTMENT INCOME

Investment Income

1

RATE

- Variable; dependent upon market conditions

2

SOURCES

- City investment portfolio

3

WHO COLLECTS?

- Wells Fargo
- Local government investment pools
- City bank accounts

INFO

Financial Snapshot



Investment Income

\$1.5M

General Fund Total

\$71.2M



Additional Details

Description

Investment Income is derived from the money received on investments made by the City's diverse investment portfolio within the confines of the City's Investment Policy Statement and is overseen by the City's Investment Committee. The City's portfolio largely consists of US Agencies/Treasuries, Corporate Notes, and CDs.

Restrictions

All revenues in excess of TABOR limitations can be used for any governmental purpose.

Forecasting Method

Investment Income is largely based on economic indicators and investment market trends.

FINES & FEES

Fines & Fees

1

RATE

- City ordinance or resolution
- Passport set by US State Department

2

SOURCES

- Violation of City ordinance
- Passport (upon application for a US passport)

3

WHO COLLECTS?

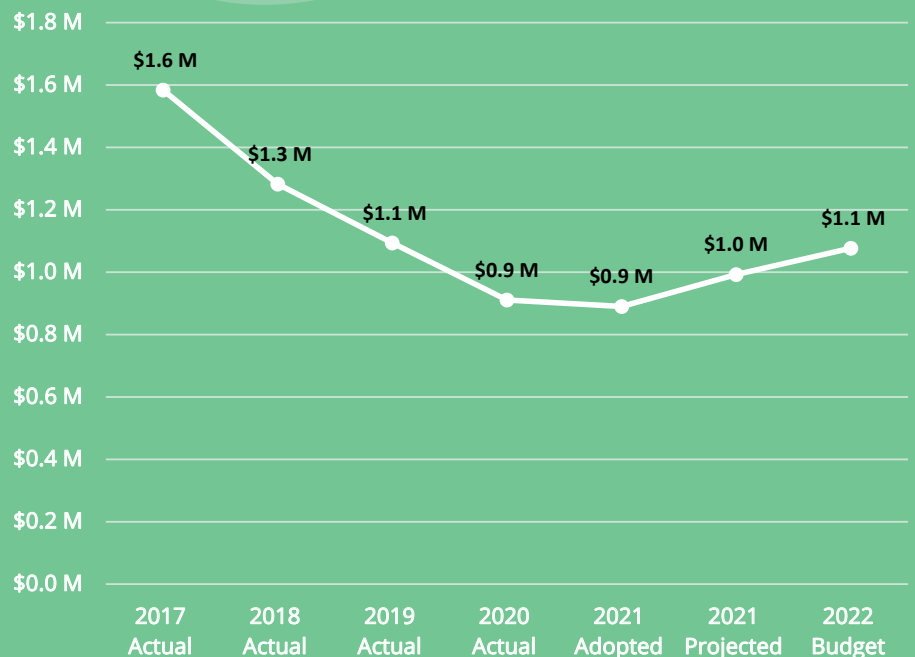
- City of Centennial (received via daily deposit)

INFO

Financial Snapshot



Fines & Fees Revenue
\$1.1M
General Fund Total
\$71.2M



Additional Details

Description

The City collects revenue for various fines and fees that are imposed, including the following:

- Animal Services Fees: fees derived from penalties imposed on citizens for offenses related to animal complaints, non-compliance, dangerous animals, etc.
- Court Fines: fines levied by the City's Municipal Court for scenarios including conviction, failure to comply with court summons, etc.
- Passport Services: fees are collected by the City Clerk's Office upon application and issuance of a U.S. passport.

Restrictions

All revenues in excess of TABOR limitations can be used for any governmental purpose.

Forecasting Method

Revenues for City fines and fees are based on historical trends and a three-year average.

LICENSES & PERMITS

Licenses & Permits

1

RATE

- City ordinance or resolution
- Business and sales (\$25 biannually)

2

SOURCES

- Centennial citizens, dog owners
- Business owners and contractors

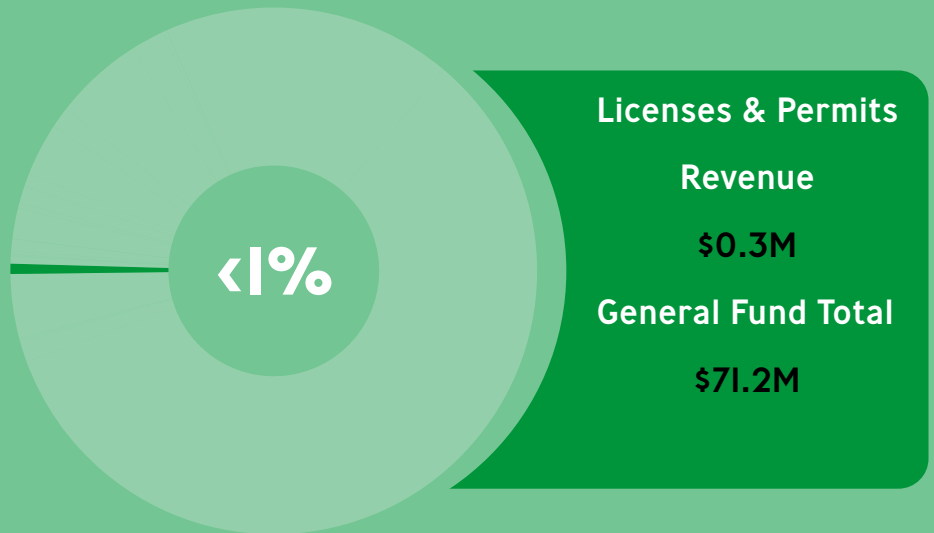
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WHO COLLECTS?

- City of Centennial (received via daily deposit)

INFO

Financial Snapshot



Additional Details

Description

The City collects revenue for various licenses and permits that are issued, including the following:

- Animal Licensing: issued to pet owners upon registration of a dog within the City.
- General Business & Retail Sales License: registration required to operate a business within the City.
- Liquor License: issued to applicable business owners within the City.
- Right-Of-Way Permit: derived from the issuance of a permit for construction or maintenance within the City's right-of-ways.

Restrictions

All revenues in excess of TABOR limitations can be used for any governmental purpose.

Forecasting Method

Revenues for City fines and fees are based on historical trends and a three-year average.

LAND USE FUND

The Land Use Fund is an enterprise fund primarily funded through charges and fees collected for building, land use, and planning development within the City.



BUILDING PERMITS

Building Permits

1

RATE

- Based on value of the work noted on application or calculated by ICC Building Standards

2

SOURCES

- Property owners
- Contractors

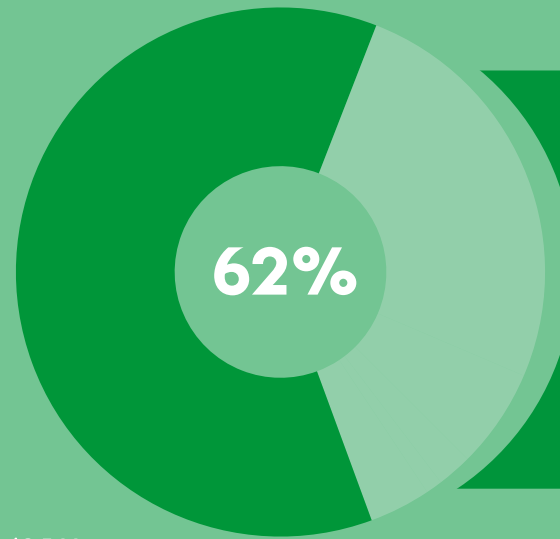
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WHO COLLECTS?

- City of Centennial (received via daily deposit)

INFO

Financial Snapshot



Building Permits

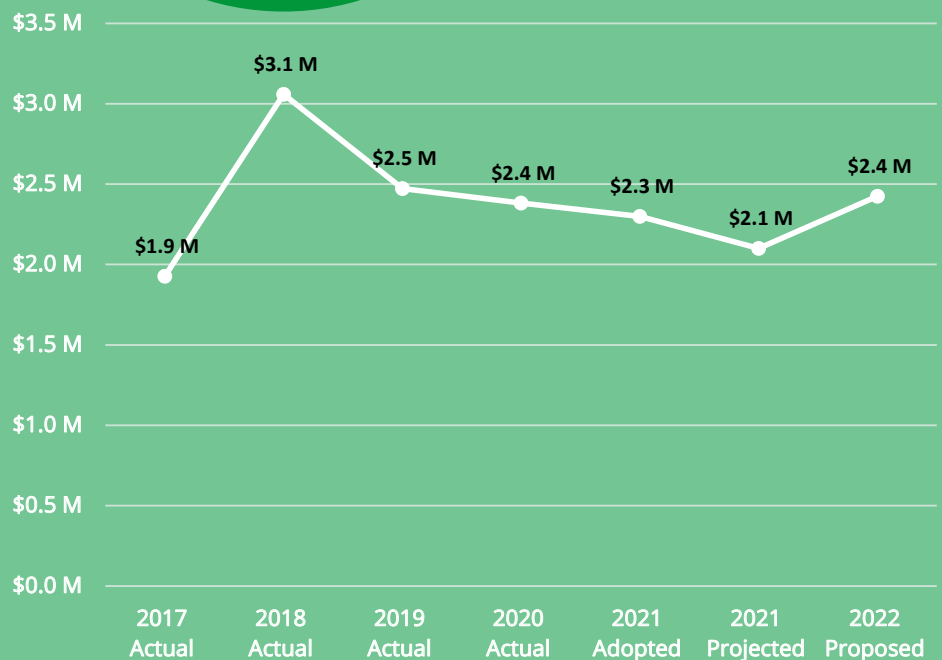
Revenue

\$2.4M

Land Use Fund

Total

\$4.1M



Additional Details

Description

Building permit fees are associated with the administration of the City's system for permitting residential, commercial, and industrial construction for new and existing structures within the City.

Restrictions

All revenues are used for the operation of the Land Use Fund.

Forecasting Method

Revenues are based on historical trends and information on new commercial construction planned within the City.

PLAN REVIEW FEES

Plan Review Fees

1

RATE

- Based on three rounds of review, subject to the community development fee schedule

2

SOURCES

- Property owners
- Contractors

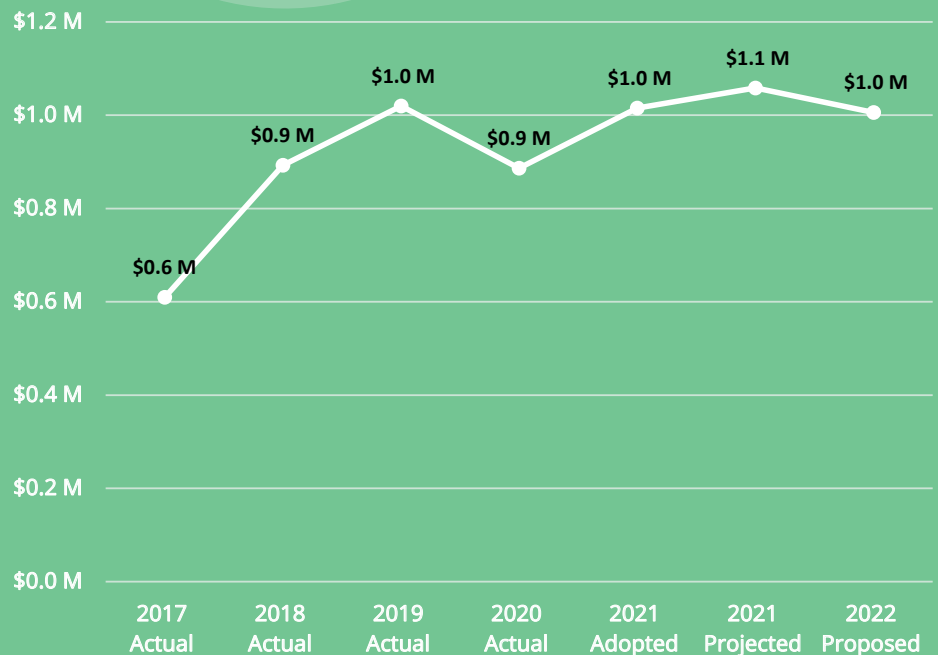
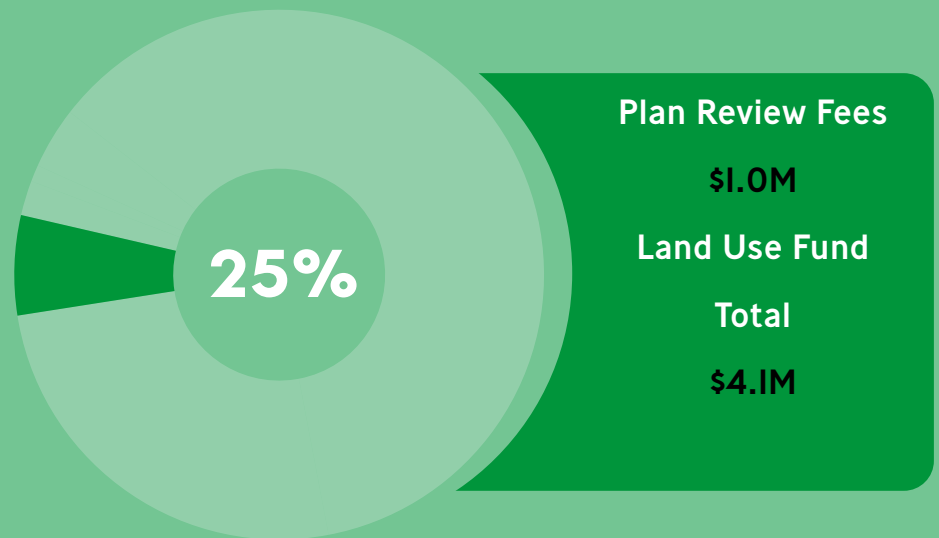
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WHO COLLECTS?

- City of Centennial (received via daily deposit)

INFO

Financial Snapshot



Additional Details

Description

A fee charged by the City for the review of building and development plans. Plan review fees are applicable to all land use applications, including, but not limited to:

- Building plans
- Preliminary development plans
- Site plans
- Rezoning applications
- Administration amendments
- Final plats
- Annexation plans
- Comprehensive plans
- Correction and exemption plats / special districts
- Requests to rezone an existing site

Restrictions

All revenues are used for the operation of the Land Use Fund.

Forecasting Method

Revenues are based on historical trends and information on new commercial construction planned within the City.

CONTRACTOR LICENSE

Contractor License

1

RATE

- Dependent upon the contractor class type

2

SOURCES

- Contractors

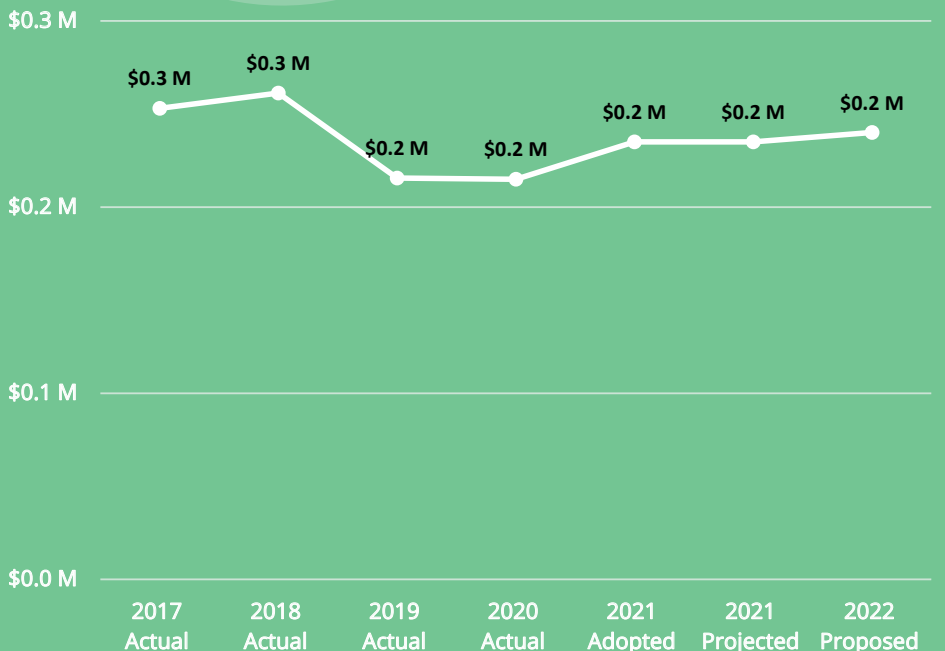
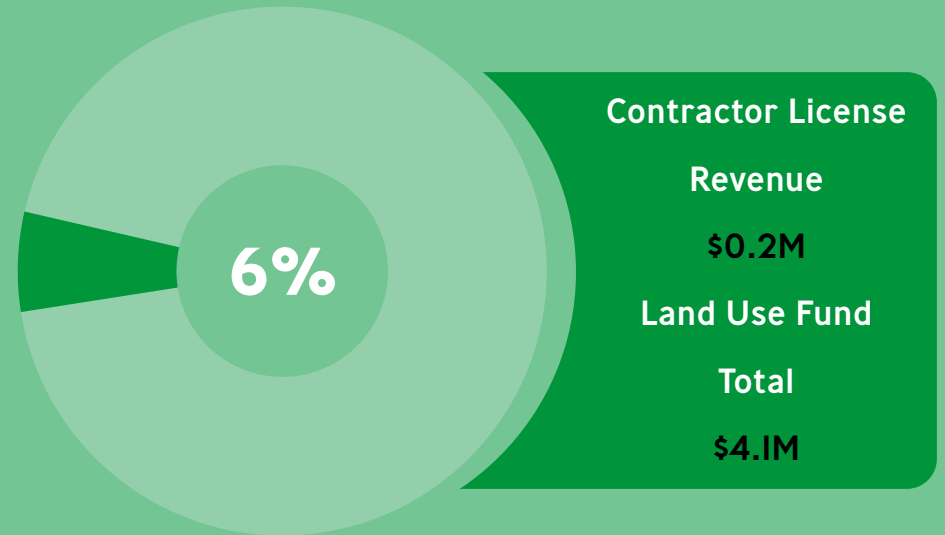
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WHO COLLECTS?

- City of Centennial (received via daily deposit)

INFO

Financial Snapshot



Additional Details

Description

The City of Centennial requires that all contractors and subcontractors performing work within the City are licensed. In order to obtain a license all contractors must apply and meet the City's requirements.

Restrictions

All revenues are used for the operation of the Land Use Fund.

Forecasting Method

Revenues are based on historical trends.

CONSERVATION TRUST FUND & OPEN SPACE FUND

The Open Space and Conservation Trust funds are used in tandem to fund the maintenance and enhancement of the City's network of parks, open space, and trails.



LOTTERY PROCEEDS

Lottery Proceeds

1

RATE

- 40% of state-wide lottery revenue shared with local municipalities

2

SOURCES

- Consumers
- Colorado lottery players

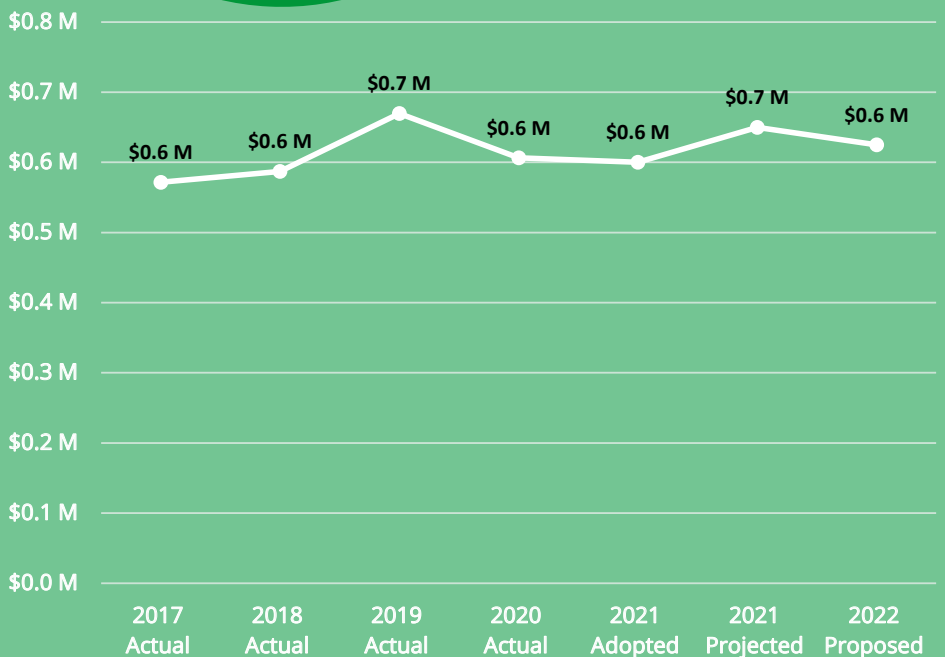
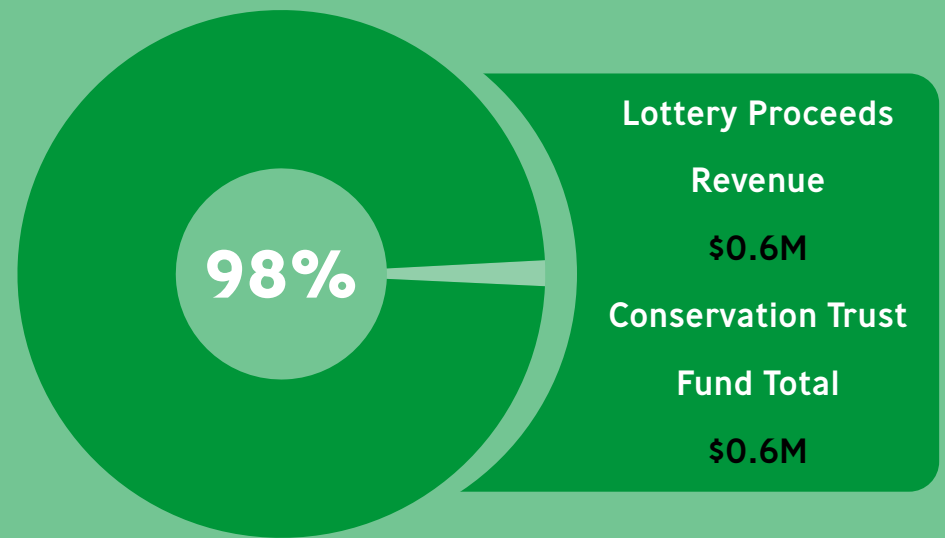
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WHO COLLECTS?

- Arapahoe County (distributed quarterly)

INFO

Financial Snapshot



Additional Details

Description

The City of Centennial's Conservation Trust Fund receives revenue via state-wide profits from the sale of lottery products distributed to local governments to help fund conservation efforts. Distribution of state-wide lottery profits are based on the population metrics of each municipality.

Restrictions

Revenue is restricted to the acquisition, development, and maintenance of new conservation sites, or for capital improvements and maintenance for recreational purposes at public sites.

Forecasting Method

Revenues are based on historical trends.

OPEN SPACE TAX

Open Space Tax

1

RATE

- 0.25% Sales and Use tax (distribution based on population)

2

SOURCES

- Consumers
- Contractors
- Property owners

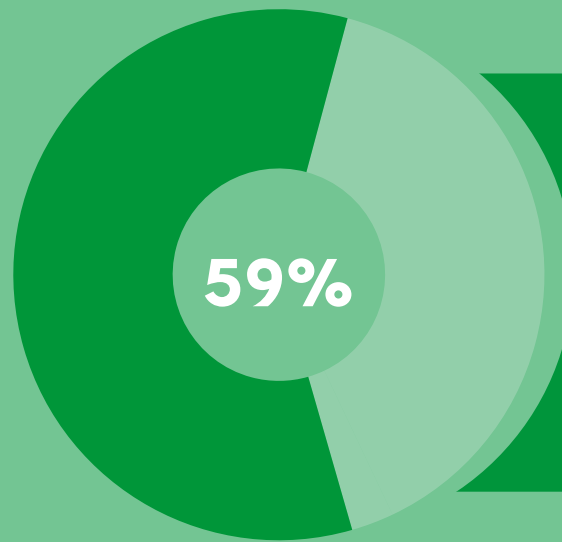
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WHO COLLECTS?

- Arapahoe County (received annually, June and July)

INFO

Financial Snapshot



Open Space Tax

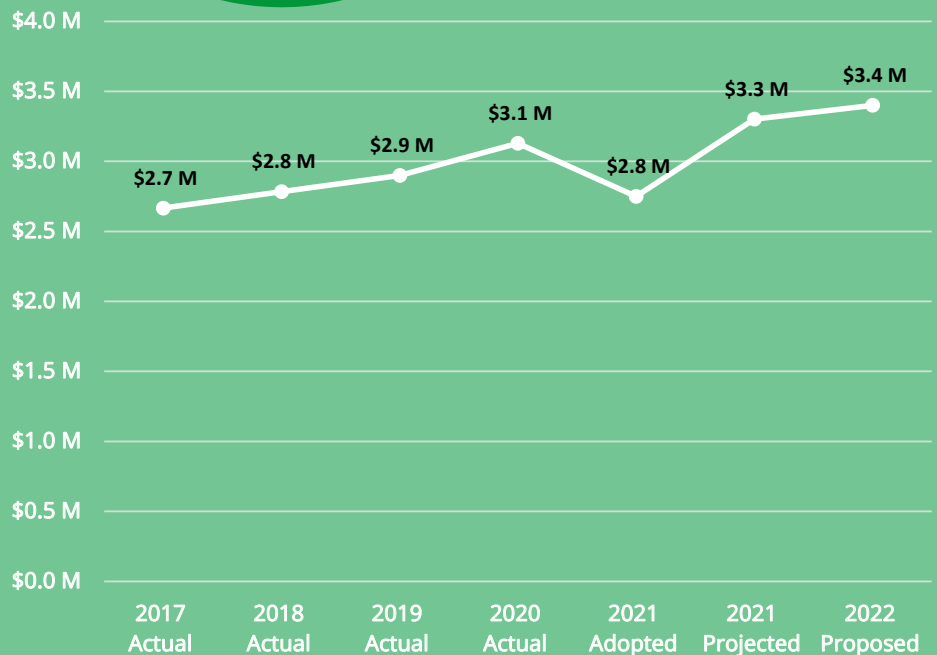
Revenue

\$3.4M

Open Space Fund

Total

\$5.8M



Additional Details

Description

A portion of Arapahoe County tax revenues are shared back to participating municipalities within Arapahoe County. Fifty percent of the net proceeds are shared, based on population.

Restrictions

Revenue is restricted to the acquisition of open spaces or parklands, as well as oversight of improvements to existing parks and trail networks.

Forecasting Method

Revenues are based on historical trends.

STREET FUND

The Street Fund is used to fund (without limitation) projects to develop, construct, and maintain the City's streets, sidewalks, traffic signals, street lights, and curbs and gutters.



HIGHWAY USER TAX FUND

Highway User Tax Fund

1

RATE

- 14% State HUTF distributed to municipalities
- 80% based on the number of motor vehicles registered
- 20% based on road miles

2

SOURCES

- Fuel excise taxes
- Motor vehicle registration

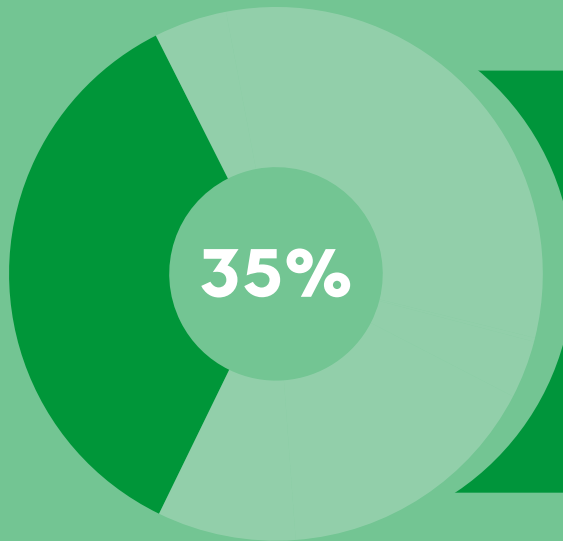
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WHO COLLECTS?

- State of Colorado (remitted to the City 17 days after the end of each month)

INFO

Financial Snapshot

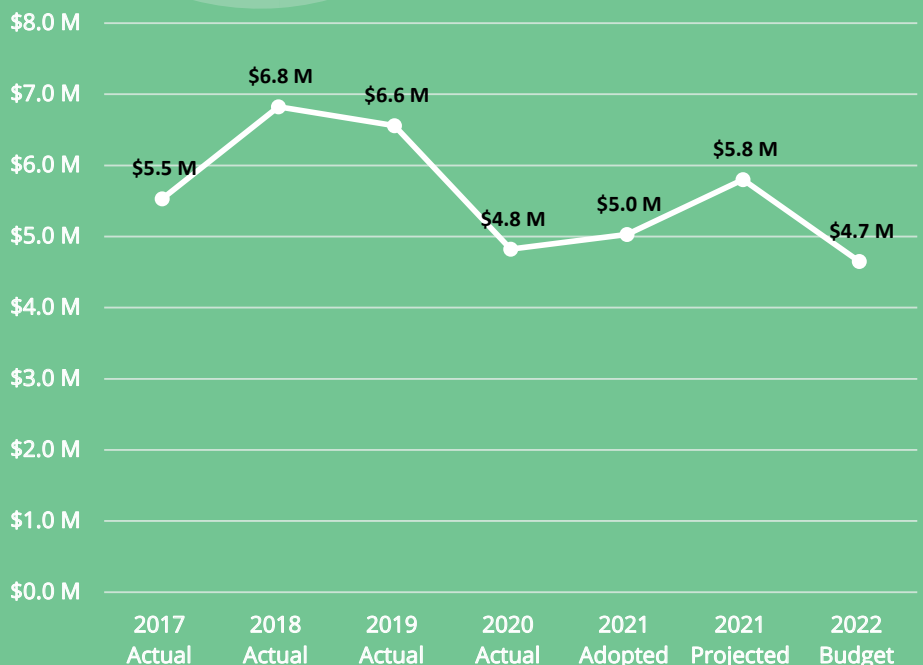


HUTF Revenue

\$4.7M

Street Fund Total

\$16.1M



Additional Details

Description

The highway user tax fund (HUTF) is a State-collected, locally-shared revenue. HUTF revenues are derived from motor fuel taxes, drivers licenses, and motor vehicle registration fees. The tax is distributed monthly among the State and the municipalities based on a formula that takes into account the number of registered vehicles and the miles of road within each municipality.

Restrictions

HUTF revenues must be spent on new constructions, safety, reconstruction, improvement, repair, and maintenance in order to improve the capacity of roads.

Forecasting Method

Revenues are based on historical trends and takes into account indicators from the State's traffic and consumer forecast models.

MOTOR VEHICLE USE TAX

Motor Vehicle Use Tax

1

RATE

- 2.5% of the purchase price of a registered vehicle in the City

2

SOURCES

- Consumers
- Motor vehicle purchases

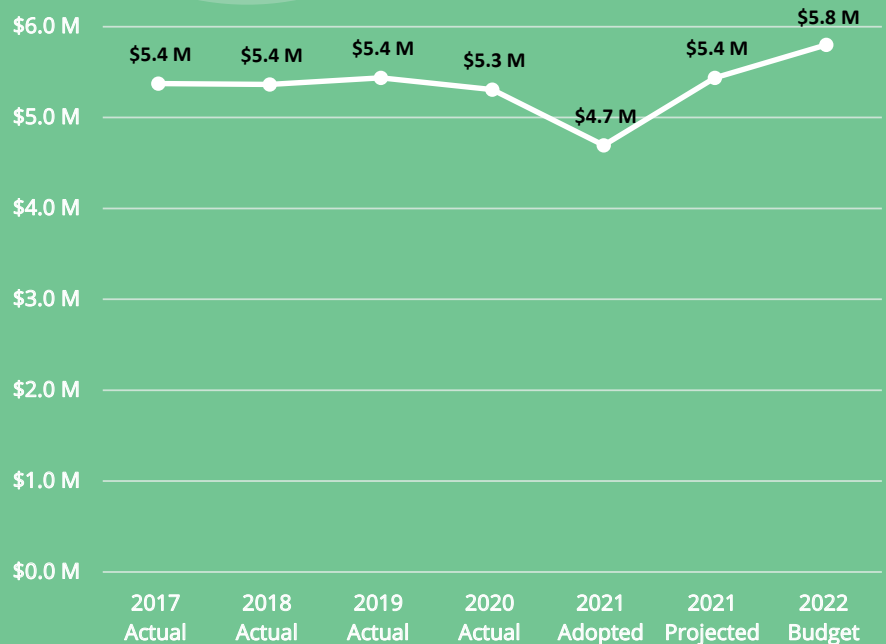
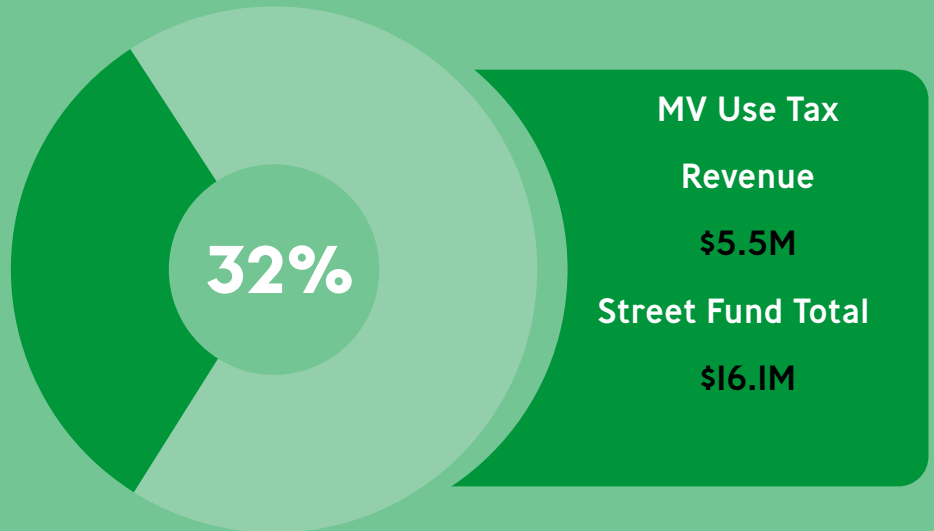
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WHO COLLECTS?

- State of Colorado (remitted to the City 15 days after the end of each month)

INFO

Financial Snapshot



Additional Details

Description

Motor vehicle use tax is imposed on all motor vehicles registered within the boundaries of the City upon registration of the vehicle.

Restrictions

100% of the revenue generated by motor vehicle use tax is to be used solely for the acquisition, construction, operation, maintenance, and financing of the City's transportation system improvements.

Forecasting Method

Revenues are based on historical trends, relevant local economic indicators, industry trends, and data from the Colorado Auto Dealer Association.

SALES TAX

Sales Tax

1

RATE

- 2.5% tax rate on eligible goods and services

2

SOURCES

- Consumers
- Audits
- Penalties and interest

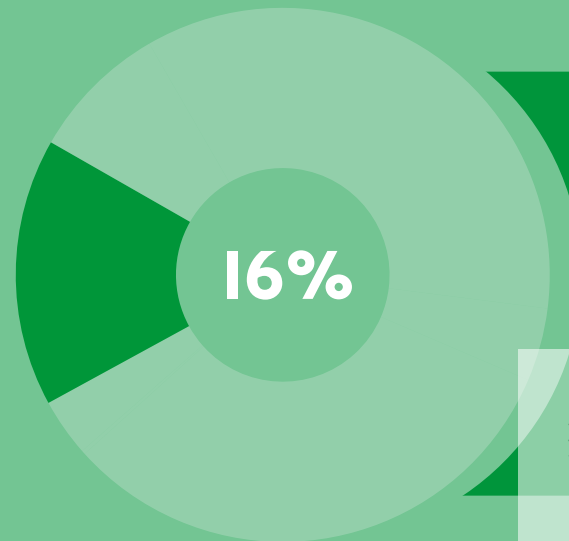
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WHO COLLECTS?

- City of Centennial (received via daily deposit)

INFO

Financial Snapshot



Sales Tax Revenue

\$2.8M

Street Fund Total

\$16.1M

Fiscal year 2019 and prior years includes \$2.8M in the general fund that was reserved for street use. In 2020, these monies were allocated to the Street Fund.



Additional Details

Description

Retail sales tax is a consumption tax levied upon the sale of tangible personal property and specific services, paid by consumers and collected by vendors on the City's behalf.

Restrictions

\$2.8 million collected within the City's Street Fund per voter-approved ballot question 2G decision in 2003.

Forecasting Method

Retail sales tax revenue is calculated using historical data, relevant economic indicators, and current market trends.

ROAD & BRIDGE SHAREBACK

Road & Bridge Shareback

1

RATE

- Percent of the City's assessed valuation to the county's total assessed valuation

2

SOURCES

- Property owners
- Based on property tax mill levy (Board of County Commissioners)

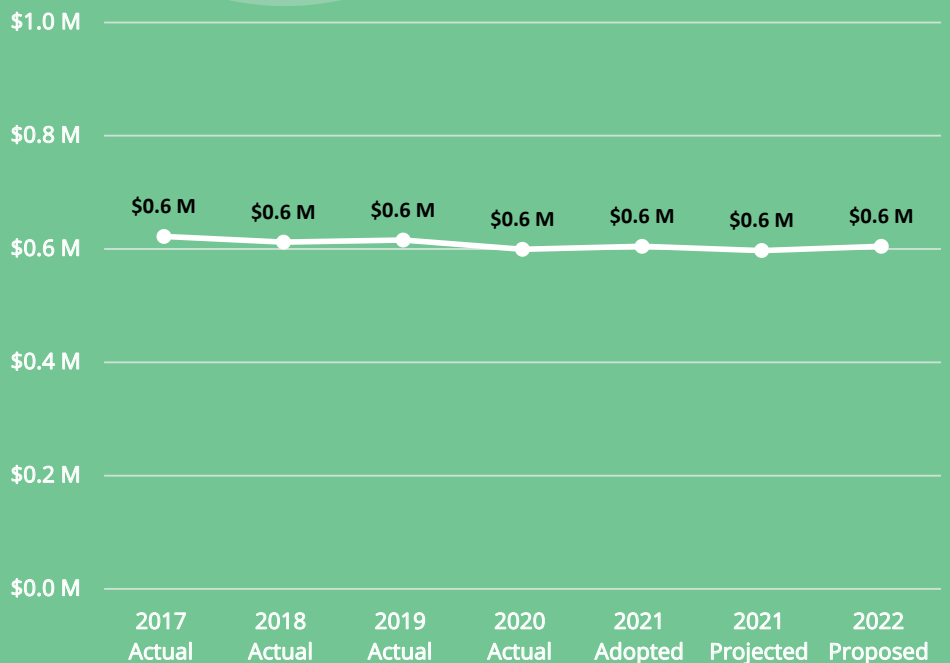
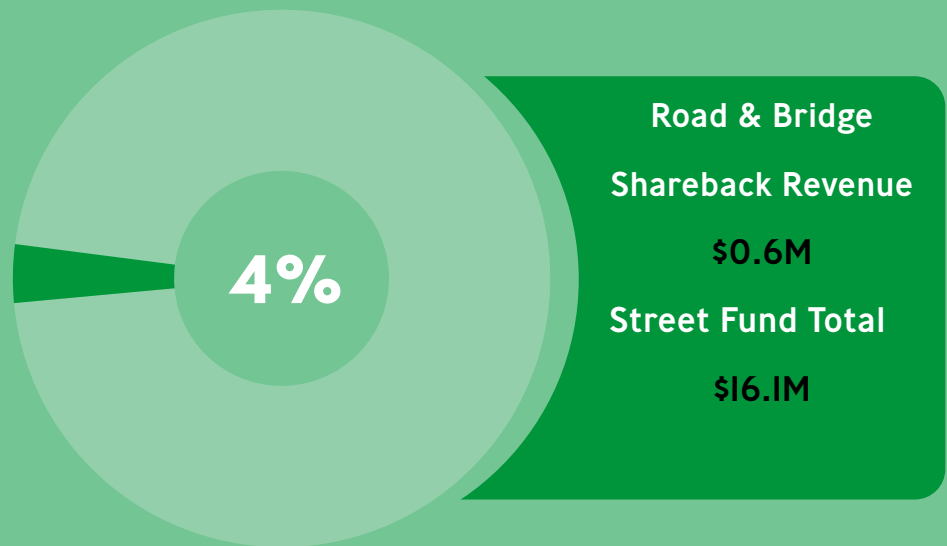
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WHO COLLECTS?

- State of Colorado (remitted to the City 15 days after the end of each month)

INFO

Financial Snapshot



Additional Details

Description

The City's road and bridge shareback revenue is a property tax at a mill levy set by Arapahoe County for road and bridge construction, maintenance, and administration. Fifty percent of the revenue received by the county is shared with municipalities within the county.

Restrictions

Revenues collected must be spent on the construction and maintenance of roads and bridges located within the City.

Forecasting Method

Road and bridge distributions are based on the assessed valuations, historical data, and local economic indicators.